

FALMOUTH RETIREMENT BOARD
Open Session Meeting Minutes
Thursday, September 20, 2018

Board members in attendance: Russell R. Ferreira, Chairman; Ellen K. Philbin, Vice Chairman; Jennifer P. Petit, and Paul J. Slivinski

Board members in absence: Craig B. O'Malley

Staff members in attendance: Francis St. Germaine who recorded the minutes of the meeting

Others in attendance: Nicholas Poser, Legal Counsel for the Falmouth Retirement Board

At approximately 9:00 a.m., with a quorum being present, Chairman Ferreira called the meeting to order, and the Town Treasurer, Patricia O'Connell, joined the meeting. She reviewed for the board members the monthly reconciliation of the cash account for the month of July. Through the end of July, the Treasurer noted that the account with Rockland Trust has receipts in the amount of \$974,483.41 and disbursements in the amount of \$1,059,357.58. She noted that the fund balance in this cash account is \$28,495.52. Also, it was noted that the check sequence for the month of July began with check #8921 and ended with check #8965. There are no checks in this sequence that have not been accounted for through the month of July. After some discussion, Ms. O'Connell exited the board meeting and the board members entertained a motion to accept the report from the Office of the Treasurer.

Ms. Philbin moved to accept the report from the Office of the Treasurer. Ms. Petit seconded the motion, all board members present voted in the affirmative.

The board members then reviewed the meeting minutes of the open session meeting that was held on August 23, 2018. After some discussion, the board members entertained a motion to approve the meeting minutes of the open session meeting that was held on August 23, 2018.

Mr. Slivinski moved to approve the meeting minutes of the open session meeting that was held on August 23, 2018. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Next, the board members reviewed the payments of the following warrants:

Warrant #32/2018	\$962,555.29	Warrant #33/2018	\$ 10,185.20
Warrant #34/2018	\$ 30,324.96		

After some discussion, the board members entertained a motion to approve the payments, as noted, of warrants #32/2018 through #34/2018.

Ms. Philbin moved to approve the payments, as noted, of warrants #32/2018 through #34/2018. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Then, the board members reviewed the payment of the following investment fee:

- State Street Corporation, July 2018 custodial fee \$ 5,712.44

After some discussion, the board members entertained a motion to approve the payment, as noted, of the above-mentioned investment fee.

Ms. Philbin moved to approve the payment, as noted, of the above-mentioned investment fee. Ms. Petit seconded the motion, all board members present voted in the affirmative.

The board members then reviewed the following payment of capital calls to investment managers:

- PRIT Private Equity Fund VY 2018, a capital call payable on 9/4/2018 in the amount of \$55,061.66

After some discussion, the board members entertained a motion to approve the payment, as noted, of the above-mentioned capital call.

Ms. Philbin moved to approve the payment, as noted, of the above-mentioned capital call. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Next, the board members reviewed the following cash distributions from investment managers:

- Siguler Guff & Company, a distribution received on 8/27/2018 in the amount of \$61,250.52
- Metropolitan Real Estate, a distribution received on 8/30/2018 in the amount of \$9,887.77
- Lexington Capital Fund VII, a distribution received on 8/30/2018 in the amount of \$17,799.00
- Mesriow Financial, a distribution received on 8/31/2018 in the amount of \$30,000.00

The board members then considered the requests of the following former or current members of the Falmouth Retirement System for a return or transfer of their accumulated deductions:

- Kristen M. Berestecky; amount of refund is \$9,185.35; resignation from service with the Town of Falmouth, Falmouth Public Schools
- Kathleen C. Flynn; amount of refund is \$1.67; deductions taken in error by the Town of Falmouth, D.P.W. Administration Division

- Patricia J. Porter; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Cheryl L. Steele; amount of refund is \$11.86; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Cheryl T. Wieseler; amount of refund is \$11.86; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Cathy A. Moynihan; amount of refund is \$12.07; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Dawn L. DePrizio; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Deborah Ann Shiraka; amount of refund is \$11.86; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Katherine E. Snyder; amount of refund is \$113.76; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Katherine M. Blair; amount of refund is \$43.11; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Kathleen A. Kelley; amount of refund is \$11.86; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Linda R. Lopes; amount of refund is \$24.12; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Leslie S. Shinn; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Lauris R. Werner; amount of refund is \$37.32; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Michelle A. Drew; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Marjorie K. Price; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Michael D. Scena; amount of refund is \$35.73; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Mary R. Thompson; amount of refund is \$11.86; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Maryellen M. Woods; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Nora J. Kinsella; amount of refund is \$11.86; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Patricia Ann Marks; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Shannon R. Jessman; amount of refund is \$12.06; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Susan M. Lefcourt; amount of refund is \$11.86; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Sara Setian; amount of refund is \$11.86; deductions taken in error by the Town of Falmouth, Falmouth Public Schools

- Victoria L. Santos; amount of refund is \$26.90; deductions taken in error by the Town of Falmouth, Falmouth Public Schools
- Mitchell J. Gauvin; amount of transfer is \$5,813.17; resignation from service with the Town of Falmouth, Fire Rescue Department (*with this transfer, the Falmouth Retirement System will accept 1 year of 3(8)(c) liability on a 12-month basis*)

After some discussion, the board members entertained a motion to approve, as noted, the requests of the above-mentioned former or current members of the Falmouth Retirement System for a return or transfer of their accumulated deductions.

Mr. Slivinski moved to approve, as noted, the requests of the above-mentioned former or current members of the Falmouth Retirement System for a return or transfer of their accumulated deductions. Ms. Petit seconded the motion, all board members present voted in the affirmative.

Then, the board members noted the following members retiring from service with the Town of Falmouth:

- Glenn R. Robb; date of retirement is 8/2/2018 from the Town of Falmouth, Falmouth Public Schools; Group One
- Michael J. Valliere; date of retirement is 8/18/2018 from the Town of Falmouth, Information Technology Department; Group One
- Kathleen C. Flynn; date of retirement is 8/18/2018 from the Town of Falmouth, D.P.W. Administration Division; Group One
- Timothy J. Porter (*12(2)(d) beneficiary of Patricia J. Porter*); date of retirement is 11/9/2017 from the Town of Falmouth, Falmouth Public Schools; Group One

Next, the board members noted the following new members of the Falmouth Retirement System:

- Nicole F. Licciardi; Special Education 1:1 Aide, Town of Falmouth, Falmouth Public Schools, Group One; DOM 8/28/2018, 9% + 2%
- Susan S. Hens; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 8/28/2018, 9% + 2%
- Heather M. Colbath; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 8/28/2018, 9% + 2%
- Cynthia L. Crista; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 8/28/2018, 9% + 2%
- Jennifer A. Batol; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 8/28/2018, 9% + 2%
- Robin J. Provost; Teacher Assistant, Town of Falmouth, Falmouth Public Schools, Group One; DOM 8/28/2018, 9% + 2%
- Timmy M. Meissner; Communications Officer, Town of Falmouth, Communications Department, Group One; DOM 9/10/2018, 9% + 2%
- Julie E. Parker; Administrative Clerk, Town of Falmouth, Inspectional Services Department, Group One; DOM 9/10/2018, 9% + 2%

The board members then considered the following request to purchase prior service:

- Allison V. Van de Graaf; Administrative Clerk, Town of Falmouth, Inspectional Services Department; request to purchase refunded service, prior to membership with the Falmouth Retirement System; principle amount due is \$27,556.50 (*upon completion of repayment, the Barnstable County Retirement System will accept 7 years and 8 months of 3(8)(c) liability*)

After some discussion, the board members entertained a motion to approve, as noted, the request of the above-mentioned member to purchase her service prior to membership with the Falmouth Retirement System.

Ms. Philbin moved to approve, as noted, the request of the above-mentioned member to purchase her service prior to membership with the Falmouth Retirement System.
Mr. Slivinski seconded the motion, all board members present voted in the affirmative.

Next, the board members reviewed the following first reports of injury:

- Joshua R. Oliver; Police Officer, Town of Falmouth, Police Department, Group Four; while responding to an emergency call, employee was injured in a motor vehicle accident. Date of Injury 8/12/2018
- James F. Fournier; Custodian, Town of Falmouth, Falmouth Public Schools, Group One; while lifting the trash from the barrel to throw into the dumpster, employee was injured. Date of Injury 8/18/2018
- Brett P. Fitzgerald; Laborer, Town of Falmouth, D.P.W. Water Division, Group One; while raking and shoveling dense grade material for an asphalt project, employee was injured. Date of Injury 8/23/2018
- Sean F. Walker; Police Officer, Town of Falmouth, Police Department, Group Four; while lifting a spare tire into the rear of the police vehicle, employee was injured. Date of Injury 8/30/2018
- Robert A. Martino Jr.; Firefighter, Town of Falmouth, Fire Rescue Department, Group Four; while transferring a patient from a hospital bed to the stretcher, employee was injured. Date of Injury 9/2/2018

The board members then reviewed the following correspondence from PERAC:

- PERAC memo #25/2018 Allowable Earnings Determination, pursuant to G.L. c. 32 § 91A
- PERAC memo #26/2018 Regular Compensation Status of Payments Made in Lieu of Unused Leave Time

Also, the board members reviewed other relative correspondence.

The board members then decided to table, until the next board meeting, their review and discussion of the recent P.E.R.A.C. actuarial valuation study.

Then, the Director reviewed with the board members the three R.F.P. responses to provide custodial banking services that had been received from Comerica Bank, People's United Bank and State Street Bank. Each response was determined to be "highly advantageous". After some discussion, the board members entertained a motion to invite to the October board meeting both State Street Bank and People's United Bank as the two finalist to present on their firm's proposed custodial banking services.

Mr. Slivinski moved to invite to the October board meeting both State Street Bank and People's United Bank as the two finalist to present on their firm's proposed custodial banking services. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Next, Attorney Poser provided the board members with an update in the pending legal matter of *Kevin Murphy v. Falmouth Retirement Board*, CR-15-677. In this case, a joint pre-hearing memorandum and exhibits have been submitted and a hearing is scheduled for October 16, 2018.

Then, Michael Dwyer and Jeffrey Fabrizio of Wainwright Investment Counsel joined the meeting. To start, Mr. Dwyer distributed to the board members the performance summary report for the month of July, and Mr. Fabrizio reviewed the plan results. Through the end of July, the plan's estimated market value was approximately \$150.8 million. Year-to-date, the plan is up 2.87% versus a total plan policy that is up 3.39%. Compared to its policy benchmark, the domestic equity sector (up 6.09%) is lagging; however, all of the funds in this sector have positive returns for the year. The international equity sector (down 0.61%) is slightly trailing its benchmark (down 0.42%) with HGK Trinity Street on the positive side. The domestic fixed income strategy (down 1.30%) is on par with its benchmark (down 1.32%) which is to be expected as these investments are indexed. The performance of the real estate sector, year-to-date, is up 3.52% versus a benchmark that is up 3.54%. At the moment, Principal, Dimensional Fund Advisors, and P.R.I.T. are the largest real estate investments within the portfolio and Principal and P.R.I.T. are the two real estate investments currently outperforming their index. Due to the nature of the investments within the private equity sector which are stated with a lag, this sector is estimated to be up 7.34% versus a benchmark that is up 7.34%. At this time, the Lexington Capital Fund VII and the Hamilton Lane Secondary Fund IV are the two largest investments for the private equity sector within this portfolio with the Hamilton Lane Secondary Fund IV solidly ahead of its benchmark. For the year, the P.R.I.T. Absolute Return Fund is up 1.77% versus a benchmark that is up 0.92%. Lastly, the cash balance is approximately \$8.0 million. Wainwright Investment Counsel noted that "there are brighter days to come within the markets."

Next, Mr. Dwyer noted for the board members that the remainder of today's board meeting would focus on interviews of finalist with "highly advantageous" responses to the R.F.P.'s for the small-cap equity asset class, the mid-cap equity asset class, the core income-oriented real estate asset class, and the value-added real estate asset class. In addition, some investment professionals will give a brief presentation on their particular fund as part of P.E.R.A.C.'s annual investment manager review.

The first investment manager to join the meeting and present was Keri Hepburn and Dave Adams of Aristotle Capital Boston. Ms. Hepburn noted that Aristotle Capital Boston is here to present their response to the R.F.P. for small-cap equity, in particular their Small-Cap Equity Collective Investment Trust. She provided the board members with a firm overview. Mr. Adams discussed their investment philosophy, their investment team, their investment strategy and process, their risk management, their strategy guidelines as well as their fund's portfolio characteristics. In closing, Ms. Hepburn discussed their fee schedule. After some additional discussion with the board members, Ms. Hepburn and Mr. Adams exited the board meeting.

Next to join the meeting and present were Chuck Barrett and Mark Giovanniello from Copeland Capital Management. They are in attendance to present their Small-Cap Dividend Growth Equity Fund as their response to the small-cap equity R.F.P. Mr. Barrett discussed their firm profile and their philosophy. He noted a common misconception..."there is a widely held misconception that when a company issues or raises its dividend it is a signal that its investment prospects are poor and growth will be subpar. This is not always the case. In our opinion, the best investments are in companies with a balanced attitude toward capital allocation and that pay out a growing dividend income stream while simultaneously reinvesting most of their earnings back into the business for growth." Mr. Giovanniello discussed dividend growth, their investment process, their fundamental analysis, their portfolio characteristics, and their investment team. Lastly, they discussed their investment management fees. After some additional discussion with the board members, Mr. Barrett and Mr. Giovanniello exited the board meeting.

Then, Denise D'Entremont and Julie Lind from RhumbLine Advisers joined the meeting. RhumbLine Advisers is at today's meeting to discuss their responses to both the small-cap equity R.F.P. and the mid-cap equity R.F.P. as well as to give a brief presentation on their funds as part of P.E.R.A.C.'s annual investment manager review. Ms. D'Entremont began with a quick firm profile. RhumbLine Advisers is an institutional index management firm with a diversified client base and about \$56.7 billion in assets under management. She reviewed their organizational chart and provided a business update including a breakdown of their strategies and products. She reviewed details of our current products...the Russell 1000 Value Pooled Index Fund and the Russell 1000 Growth Pooled Index Fund. She then presented the S&P 600 Pooled Index Fund in response to the small-cap equity R.F.P., and in response to the mid-cap equity R.F.P., she presented their S&P 400 Pooled Index Fund. For both of these funds, she discussed their investment process, their trading approach, and the characteristics of each fund. To close, she discussed their proposed fee schedule. After some additional discussion with the board members, Ms. D'Entremont and Ms. Lind exited the board meeting.

Next to join the meeting and present were Jim Gribbell and Brian Devine from LMCG Investments. They are joining today's meeting to discuss their response to the mid-cap equity R.F.P. as well as to give a brief presentation on their funds as part of P.E.R.A.C.'s annual investment manager review. Mr. Gribbell opened with a brief firm overview and noted their investment process. With regards to their International Small-Cap Equity Fund, he discussed the fund's portfolio characteristics and performance including the weighting by country. Also, he highlighted the global equity investment management team. With regards to their Mid-Cap Core Equity Strategy (their response to the mid-cap equity R.F.P.), he discussed their combination strategy, their

investment process, the fund's characteristics and performance, and their fund's investment management team. In addition, he discussed their investment management fee. After some additional discussion with the board members, Mr. Gribbell and Mr. Devine exited the board meeting.

Mr. Fabrizio then reviewed with the board members the "highly advantageous" responses and presentations that were just discussed. After some discussion with regards to the R.F.P. for the small-cap equity asset class, the board members entertained a motion to, upon execution of the new investment contracts, liquidate their investment with Earnest Partners and fund the Aristotle Small-Cap Equity Collective Investment Trust with approximately \$17 million and fund the RhumbLine Advisers S&P 600 Pooled Index Fund with \$5 million.

Ms. Petit moved to, upon execution of the new investment contracts, liquidate their investment with Earnest Partners and fund the Aristotle Small-Cap Equity Collective Investment Trust with approximately \$17 million and fund the RhumbLine Advisers S&P 600 Pooled Index Fund with \$5 million. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Then, after some additional discussion with regards to the R.F.P. for the mid-cap equity asset class, the board members entertained a motion to, upon execution of the new investment contracts, liquidate their investment with Seizert Capital Partners and fund the LMCG Mid-Cap Core Equity Strategy with an additional \$3 million (approximate value) and fund the RhumbLine Advisers S&P 400 Pooled Index Fund with \$5 million.

Mr. Slivinski moved to, upon execution of the new investment contracts, liquidate their investment with Seizert Capital Partners and fund the LMCG Mid-Cap Core Equity Strategy with an additional \$3 million (approximate value) and fund the RhumbLine Advisers S&P 400 Pooled Index Fund with \$5 million. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

Next, James Lange from Principal joined the meeting. Principal is joining today's meeting to discuss their response to the core income-oriented real estate R.F.P. and to give a brief presentation on their fund as part of P.E.R.A.C.'s annual investment manager review. Mr. Lange began with a brief organizational overview. He noted their team approach to portfolio management. He discussed their U.S. Property Account including their account profile. He highlighted their diversification by region and by sector. He reviewed their performance, their investment process, their investment guidelines, the account structure and their fee structure. After some additional discussion with the board members, Mr. Lange exited the board meeting.

Next, the Chairman asked for a motion to suspend the open session meeting so that the board members could recess for lunch. Chairman Ferreira noted that, at 12:45 p.m., the board members would reconvene their open session meeting. In addition, Mr. Slivinski noted that he would not be able to attend the afternoon portion of today's board meeting.

Ms. Philbin moved to suspend the open session meeting so that the board members could recess for lunch. Mr. Slivinski seconded the motion, all board members present voted in the affirmative.

At approximately 11:55 a.m., the board members suspended the open session meeting so that they could recess for lunch.

At approximately 12:45 p.m., the board members concluded their lunch recess and the Chairman asked for a motion to reconvene the open session meeting.

Ms. Philbin moved to reconvene the open session meeting. Ms. Petit seconded the motion, all board members present voted in the affirmative.

With a quorum being present, the Chairman called the open session meeting back to order, and again, Michael Dwyer of Wainwright Investment Counsel noted for the board members that the focus of today's meeting is to conduct interviews of finalist with "highly advantageous" responses to the R.F.P.'s for the small-cap equity asset class, the mid-cap equity asset class, the core income-oriented real estate asset class, and the value-added real estate asset class as well as for some investment professionals to give a brief presentation on their particular fund as part of P.E.R.A.C.'s annual investment manager review.

Then, Glenn Johnson from Clarion Partners joined the meeting to discuss their two R.F.P. responses for core income-oriented real estate. Also with Mr. Johnson were Evans Anderson to discuss their Clarion Gables Multifamily Trust and Stacey Magee to discuss their Lion Industrial Trust. To begin, Mr. Johnson provided an overview of Clarion Partners noting their history, their platform, their performance, and their real estate market outlook. Ms. Magee presented their Lion Industrial Trust product. She noted their investment team, their portfolio statistics, their geographic composition, and their debt overview. In addition, she reviewed some of their recent investment activity. Mr. Anderson then discussed their Gables Multifamily Trust product. He provided a market overview and noted the current supply-demand cycles, the fund highlights, the strategy overview, the portfolio composition, and the fund performance. In closing, Mr. Johnson discussed their proposed management fees. After some additional discussion with the board members, Mr. Johnson, Mr. Anderson and Ms. Magee exited the board meeting.

Next to join the meeting and present were Devin Sullivan and Nicole Dutra Grinnell from TA Realty. They are in attendance to present their TA Realty Associates Fund XII as their response to the R.F.P. for value-added real estate. To start, Mr. Sullivan provided an organizational overview. They discussed their investment strategy and portfolio performance. Their target diversification, their debt strategy and key terms including management fees were discussed. They reviewed several representative investments. Their team as well as their proven record through all market cycles was stressed. After some additional discussion with the board members, Mr. Sullivan and Ms. Dutra Grinnell exited the board meeting.

The last R.F.P. finalist to be interviewed was Joseph Connolly and Stephen Hagenbuckle from TerraCap Management. They are in attendance to present their TerraCap Partners Fund IV in

response to the R.F.P. for value-added real estate. They opened with a brief introduction to their firm. They provided an executive summary of Fund IV including the drivers, the investment focus, and the portfolio summary and holdings. They discussed the logic behind their target markets, their investment style, their investment process, and their risk / return profile. In closing, they provided a summary of their key terms. After some additional discussion with the board members, Mr. Connolly and Mr. Hagenbuckle exited the board meeting.

At this time, the board members tabled, until their next board meeting, a decision on the R.F.P.'s for both the core income-oriented real estate asset class and the value-added real estate asset class. Then, Mr. Dwyer noted for the board members that the remainder of the afternoon has been set aside so that some of our current investment professionals could give a brief presentation on their particular fund as part of P.E.R.A.C.'s annual investment manager review.

Next, Martha Payne of Mesirow Financial joined the meeting. Ms. Payne began by providing the board members with a brief overview of Mesirow Financial. She noted that there have been no significant changes to the firm. They have a deep, integrated team and they are all based in Chicago, IL. They have a simple, client-centric allocation policy with a focus to optimize capital under management to maximize opportunity. She noted that that Falmouth Retirement System had committed \$1.5 million of which \$1.4 million has been called and \$1.6 million has been distributed back to the retirement system. The Partnership Fund IV is 100% committed with about 39 underlying managers. She briefly summarized some of the select portfolio drivers in which the Partnership Fund IV has invested. She discussed their investment strategy and their portfolio construction. It is a moderately sized portfolio designed to provide diversification by manager, by vintage year and by sub-asset class strategy. The investment team tends to emphasize a highly selective and rigorous manager selection process. In closing, she noted that this fund should be completely drawn down in the not too distant future. Conversely, as the capital calls wind down, the rate of distributions should begin to increase. In addition, it is likely that they will exercise their option for three 1-year extensions. After some additional discussion with the board members, Ms. Payne exited the board meeting.

Then, Matthew Kosara of HGK Asset Management joined the meeting to discuss their international equity fund. He began by providing a brief organizational overview and then he provided a performance update of their portfolio. As of August 31, 2018, the net asset value of the retirement system's account was approximately \$9.9 million. Year-to-date, the portfolio was down approximately 1.54% gross of fees. He reviewed their international commingled fund second quarter trades and their rationale for the transactions. He discussed some of the key performance data through Q2 2018. It was noted that the severe weakness in emerging markets was due primarily to rising U.S. interest rates and with a strong U.S. economy there is little sign that the Federal Reserve or the administration is about to change course. The portfolio manager started 2018 with considerable enthusiasm for the holdings in the global and international portfolios. There has been significant weakness in some of the positions during the first six months of the year, in particular due to the noise emanating from politicians relating to trade, and as a result at the start of the second half of the year the opportunities have even more potential. The fund is adjusting accordingly. After some additional discussion with the board members, Mr. Kosara exited the board meeting.

Peter Grape of Lexington Capital Partners then joined the meeting to give a brief presentation on their Lexington Capital Fund V and their Lexington Capital Fund VII as part of P.E.R.A.C.'s annual review of investment managers. Mr. Grape began with a brief overview of their firm, Lexington Capital Partners. He highlighted their leadership position within the secondary markets, their global platform, their experienced team, and their substantial capital base. He noted that Fund V has been one of their better performing funds. This fund has been 100% committed, and as of December 31, 2017, it has distributed 185% of the contributed capital. Currently, this fund is in "sell down" mode. The expectation is that, in the coming year, the remaining portfolio assets (approximately \$96.7 million) will be sold, and the income received will be distributed to the limited partners. After some additional discussion with the board members regarding this fund, Mr. Grape then turned his discussion to Lexington Capital Fund VII. Since 2014, this fund has been fully committed with total capital of \$7.05 billion. It has completed 56 transactions with a total committed capital of \$7.0 billion. As of August 2018, \$7.8 billion or 127% of contributed capital has been distributed to the limited partners. He discussed the current portfolio construction including the transaction sourcing, the diversification, and the sponsor exposures. In addition, he discussed with the board members the investment performance of their funds. After some additional discussion with the board members, Mr. Grape exited the board meeting.

Next, Gary Gustovich of Dimensional Fund Advisors joined the meeting to give a brief presentation on their International Core Equity Fund and their Global Real Estate Securities Fund. To start, Mr. Gustovich noted that there have been some territorial changes within the firm which have him shifting a bit south. Bill DiScullo will become our primary contact at Dimensional, and in the coming weeks, Mr. Gustovich will set up an introductory call. He continued with a brief overview of the firm. They are a global investment firm with a long history of managing time-tested investment strategies for clients. With \$582.0 billion in global assets under management, they have a global investment team with strong ties to leading academics and a high degree of practitioner's knowledge and experience across market cycles. In addition, he discussed their investment philosophy. In terms of the funds, the international core equity portfolio, year-to-date, is down 3.22%. As of August 31, 2018, the account value for the Falmouth Retirement System was approximately \$8.6 million. He discussed the portfolio characteristics, the sector allocations, and the country allocations. He then turned his discussion towards their global real estate securities portfolio. He noted the portfolio characteristics and the sector allocations for this fund. Year-to-date, this portfolio is up 2.83%. As of August 31, 2018, the account value for the Falmouth Retirement System was approximately \$6.8 million. In closing, he noted that Dimensional Fund Advisors appreciates the business and will continue to work tirelessly to maintain the confidence with which the board members have entrusted them. After some additional discussion with the board members, Mr. Gustovich exited the board meeting.

Then, Lindsay Ingram of Siguler Guff & Company joined the meeting. She began with a quick reminder of their firm....a multi-strategy private equity investment firm with a specialization of investing in distressed opportunities. The firm has a dedicated team of investment professionals that is deep with experience. She reminded the board members that the Falmouth Retirement System had committed \$5.0 million to their Distressed Opportunities Fund III, a fund that buys all things distressed. As of June 30, 2018, \$4.85 million of the total commitment has been called, and they have distributed back to the retirement system about \$6.8 million. The Falmouth

Retirement System's share of this portfolio, as of March 31, 2018, has a remaining value of approximately \$0.9 million. She provided an overview of the fund including its cash flow to the limited partners. She discussed with the board members the fund's track record, the performance drivers and highlighted some of the remaining positions. Lastly, it was noted that there is no true index to benchmark this particular fund. After some additional discussion with the board members, Ms. Ingram exited the board meeting.

For the final presentation of the afternoon, Tim D'Arcy and Ryan Cooney from Hamilton Lane joined the meeting. Mr. D'Arcy began by providing the board members with a brief update on their firm. He noted that they have about 348 employees globally of which about 47% are women and minorities. He reviewed their secondary platform and secondary team. With regards to their Secondary Fund IV, it has gross committed capital of \$1.4 billion with gross invested capital of \$1.2 billion. Mr. Cooney reviewed the funds strategic diversification, vintage year diversification, geographic diversification, and sector diversification. He talked about how primary capital drives secondary deal flow. They see the market, but invest where they believe they have a competitive advantage. Also, he talked about how they focus on deals with strong liquidity profiles and visibility into near term distributions. They work with quality assets and strong managers where familiarity leads to conviction. As they build the portfolio, they balance a mix of investments that generate gain from discount and those that generate gain from asset appreciation. He highlighted some quality GP's and assets. In addition, he discussed their pipeline and noted that they will utilize credit facilities in order to execute deals quickly as well as to minimize the number of capital calls. After some additional discussion with the board members, Mr. D'Arcy and Mr. Cooney exited the board meeting.

After some additional discussion with the board members, Mr. Dwyer and Mr. Fabrizio exited the board meeting.

Finally, having no additional business to discuss, the Chairman asked for a motion to adjourn the open session meeting.

Ms. Petit moved to adjourn the open session meeting. Ms. Philbin seconded the motion, all board members present voted in the affirmative.

At approximately 4:00 p.m., the board members concluded the open session meeting.

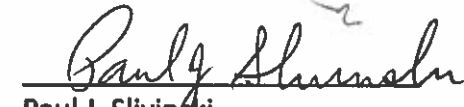
The next scheduled board meeting will begin at 2:00 p.m. on Thursday, October 18, 2018 at the office of the Falmouth Retirement System which is located at 80 Davis Straits, Suite 102 in Falmouth, MA.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]
[PLEASE TURN TO NEXT PAGE FOR SIGNATURES]**

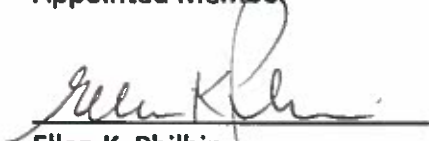
ATTEST:



Russell R. Ferreira
Chairman, Elected Member




Paul J. Slivinski
Appointed Member



Ellen K. Philbin
Vice Chairman, Fifth Member



Jennifer P. Petit
Ex-Officio Member

ABSENT


Craig B. O'Malley
Elected Member



Francis X. St. Germaine III
Director